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SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

REPORT OF THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE ON THE WORK OF ITS THIRTEENTH SESSION (PART ONE), LYON, 11-15 SEPTEMBER 2000

Addendum

MECHANISMS PURSUANT TO ARTICLES 6, 12 AND 17 OF THE KYOTO PROTOCOL*

Consolidated text on principles, modalities, rules and guidelines

Note by the chairmen

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* This item was considered jointly by the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation at the first part of the thirteenth sessions, under agenda item 7.

PART FOUR

REGISTRIES

I. [Draft decision [D/CP.6]: Rules and guidelines for registries

The Conference of the Parties,

Recalling **its decision 7/CP.4 on a work programme on mechanisms,**

Recommends **that the Conference of the Parties serving as the meeting of the Parties to the Protocol, at its first session after the entry into force of the Protocol, adopt the** following ***attached*** **decision;**

Requests **the secretariat to report to the SBSTA and SBI at their __ sessions on options for developing [standard registry software] [registry guidelines] to implement the requirements of the attached decision, including, where appropriate, terms of reference and resource implications.**

Decision -/[CMP.1]

Rules and guidelines for registries

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Bearing in mind ***Noting*** **Article 3, paragraphs 3, 4, 7, 10, 11, 12 and 13, of the Kyoto Protocol,**

Bearing in mind *also* **its decision 9/CP.4,**

Affirming **that activities pursuant to Articles 6, 12 and 17[1] must be subject to accurate and verifiable systems of accounting,**

Having considered **decision D/CP.6,**

1. ***Decides*** **to adopt the rules and guidelines for registries contained in the annex to this decision.**

2. ***Requests*** **[the secretariat of the Convention] to perform functions assigned to it as contained in this decision and its annex[2].]**

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[1] 'Article' means an article of the Kyoto Protocol, unless otherwise indicated.

[2] **The resource implication of this operative paragraph will need to be specified.**

II. Annex

RULES AND GUIDELINES FOR REGISTRIES

[Definitions

1. **For the purpose of this Annex:**

(a) **"Party" means, unless the context otherwise indicates, a Party to this Protocol.**

(b) **"Protocol" means the Kyoto Protocol to the United Nations Framework Convention on Climate Change.**

(c) **"Article" means an Article of the Protocol, unless otherwise indicated.**

(d) **An "emissions reduction unit" or "ERU" is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5.**

(e) **A "certified emissions reduction" or "CER" is a unit issued pursuant to Article 12 and requirements thereunder, equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5.**

(f) **Option 1: An 'assigned amount unit' or AAU refers to a part of assigned amount equal to one tonne of carbon dioxide equivalent emissions, calculated using the global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 [allocated by a Party in Annex B to its authorized legal entities].**

Option 2: "Assigned amount units" or "AAUs" are units calculated pursuant to Articles 3.7, 3.8, [3.3, and 3.4] each equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5.

(g) **A 'part of assigned amount' (PAA) is a part of the assigned amount of a Party** included in Annex B as defined in Article 3[, paragraph 7,] **equal to one tonne of carbon dioxide equivalent emissions, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5.**

[(h) "Assigned amount" includes AAUs, CERs and ERUs.]]

2. **Each Party included in Annex I** [with a quantified emission limitation and reduction commitment inscribed in Annex B] participating in the mechanisms **shall** have **established and**

shall **maintain a national registry to ensure the accurate accounting of [assigned amount] [ERUs[1], CERs[2] and [AAUs[3]] [PAAs[4]]].**

3. **[A system registry, linked electronically to all national registries, shall be established and maintained [by the secretariat].]**

4. [Option 1: **A [registry]** [database] **shall** have been ***be*** **established and** shall be **maintained for each Party not included in Annex I participating in the CDM [to ensure the accurate accounting of CERs [held by the Party]]** [to record the issuance of CERs associated with CDM project activities to which it is host]. **[Such a Party may establish and maintain such a [registry]** [database] **on its own or request the** [executive board] [secretariat] **[system registry] to do so on its behalf.]]**

Option 2: A central registry should be established by the executive board with the aim of tracking the generation, [transfer] and retirement of CERs.

5. **Any two or more Parties may voluntarily maintain their national registries in a consolidated system, within which each national registry would remain legally distinct.**

(Note: See functions for a possible system registry in paragraph 18.)

6. **Each Party shall identify an organization to maintain** the ***its*** **national registry on behalf of the Party and perform the necessary functions (the registry 'administrator').**

7. **[Registries shall be kept in the form of *standardized* computer databases.] [Registries shall be kept in the form of computer databases. The design of registries shall be compatible and their format shall conform to** the **guidelines *adopted by the COP/MOP]*** contained in appendix W {to be drafted}**. Each ERU, CER and [AAU] [PAA] shall be held in only one account in one registry at a given time.**

8. **[Each Party shall have a holding account within its national registry. Where a Party authorizes legal entities to hold ERUs, CERs and/or [AAUs] [PAAs], under its responsibility, in the Party's national registry, each such holder of ERUs, CERs or [AAUs]**

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[1] An 'emission reduction unit' (ERU) shall be equal to one tonne of carbon dioxide equivalent emissions reduced or sequestered through an Article 6 project, calculated using the global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5.

[2] A 'certified emission reduction' (CER) shall be equal to one tonne of carbon dioxide equivalent emissions reduced [or sequestered] through a CDM project, calculated using the global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5.

[3] An 'assigned amount unit' (AAU) refers to a part of assigned amount equal to one tonne of carbon dioxide equivalent emissions, calculated using the global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 [allocated by a Party in Annex B to its authorized legal entities].

[4] A 'part of assigned amount' (PAA) is a part of the assigned amount of a Party included in Annex B as defined in Article 3[, paragraph 7,] equal to one tonne of carbon dioxide equivalent emissions, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5.

[PAAs] shall have a separate holding account within that Party's national registry. An account number and account information shall be assigned to each account in a national registry, in accordance with section A of the appendix.]

9. **Serial numbers shall ensure that each ERU, CER and [AAU] [PAA] is unique and shall be constructed in accordance with section B of the appendix. Serial numbers shall be assigned as follows:**

(a) **In the case of an [AAU] [PAA], a serial number shall be assigned at the time that a Party's assigned amount, pursuant to Article 3**, paragraphs 3, 4 and 7, **is issued into its national registry. Such assigned amount shall be issued into the registry in accordance with the guidelines detailed in appendix X {to be drafted};**

(b) **In the case of an ERU, a serial number shall be assigned by adding a project identifier, specified by the registry administrator of the host Party, to the serial number of an [AAU] [PAA], at the time of *its* initial transfer [to** another account in **another** [national] **registry]**.

(c) **In the case of a CER, a serial number shall be assigned** [by the system administrator working under the authority of the executive board] **[by the system registry]**, [as part of the issuance procedure] **[at the time** the decision is made to issue **the CER *is issued*]**.

10. [Each national registry of a Party included in Annex B shall contain a dedicated account for the certified excess [AAUs] [PAAs] held by that Party. Upon verification of the availability of excess [AAUs] [PAAs] and the issuance of certificates for them by the secretariat, excess [AAUs] [PAAs] shall be transferred from their account of origin into this account of excess [AAUs] [PAAs].]

11. **Any initial transfer of ERUs as a result of projects under Article 6 shall result in a change of holdings in the appropriate accounts (a debit of [AAUs] [PAAs] in the transferring account and a credit of ERUs in the acquiring accounts). This shall be achieved by converting [AAUs] [PAAs] to ERUs, through the addition of the project identifier to the serial numbers of the [AAUs] [PAAs], and moving the resulting ERUs to other accounts, on the basis of the distribution agreement between the project participants. The initial transfer of ERUs shall be initiated by the host Party to the project. The host Party shall also specify which [AAUs] [PAAs] are to be converted to ERUs.**

12. **Any issuance of CERs as a result of projects under Article 12 shall result in a change of holdings in the acquiring accounts (a credit of CERs). [Such issuance shall be made by the executive board directly into the acquiring account on the basis of the distribution agreement between project participants.] [Upon receipt of a final report confirming the certification of a quantity of CERs based on a project,** /a system administrator working under the authority of the executive board/ ***[the system registry]*** will ***shall*:**

(a) **Assign each CER a unique serial number;**

(b) **Transfer CERs into accounts of appropriate registries for project participants** that are Parties included in Annex I **(according to their distribution agreement reflected in the verification/certification report)**;

(c) **Transfer CERs into** ***accounts, established and maintained by the system registry, of the executive board and the adaptation fund*** the registry where the share of proceeds will be held.]

13. **Any transfer of [ERUs, CERs and] [AAUs] [PAAs] between accounts shall result in a change of holdings in the appropriate accounts (a debit in the transferring account and a credit in the acquiring account). This shall be achieved by moving specific serialized [ERUs, CERs or] [AAUs] [PAAs] from one account to the other. [The transfer of [ERUs, CERs and] [AAUs] [PAAs] shall be initiated by the current holder directing the administrator of its national registry to transfer the [ERUs, CERs or] [AAUs] [PAAs] to another account]** [The secretariat shall undertake the transfer of [AAUs] [PAAs] upon verifying the availability of excess [AAUs] [PAAs] and issuing certificates for them].

14. [Agreements among Parties pursuant to Article 4 to fulfil their commitments jointly shall be effectuated through transfers of assigned amount between the registries of the Parties participating in the Article 4 agreement.]

15. **Transactions shall** [occur in near real time (maximum one working day)] **[be immediately recorded in the relevant registries (within one working day)].**

16. Option 1: A transaction number shall be automatically assigned to each transaction by [the registry administrator of the transferring registry] [the system registry], in accordance with section C of the appendix. In addition, each national registry shall record the information specified in section C of the appendix for all transactions involving its accounts.

17. Option 2: **The** secretariat ***system registry*** **shall maintain an electronic 'transaction log'** ***of numbered entries, for each commitment period,*** **that records each issuance, transfer between** ***[registries] [accounts],*** **and retirement** of assigned amount, ***in accordance with section C of the appendix.*** Parties shall ensure that ***[Registries] [Account holders] shall,*** **as part of the transaction process,** their registries **send to the transaction log a record of each** ***relevant transaction*** issuance, transfer and acquisition between registries and retirement of assigned amount. **In the case of a transfer between** national ***[registries] [accounts]*****:**

(a) **The transferring** ***[Party] [account holder]*** **shall send the record upon initiation of the proposed transfer to both the transaction log and the acquiring** ***[registry] [account]*****;**

(b) **The transaction log shall, based on an automated electronic check, notify both the transferring** ***[registry] [account]*** **and the acquiring** ***[registry] [account]*** **whether there is any discrepancy** ***with regard to*** concerning the part of assigned amount being transferred (i.e., **units previously retired, duplicated units, units not previously reported as issued** ***and ineligible Parties [and legal entities]*****);**

(c) Assuming ***Where*** **the notification of the transaction log indicates no** ***such*** **discrepancy, the acquiring [Party]** ***[account holder]*** **shall send the record upon completion of the transfer to both the transaction log and the transferring [registry]** ***[account]***.

[Note: Depending on decisions taken on liability provisions under emissions trading, dedicated reserve accounts may need to be established in national registries.]

18. **Parties included in Annex I** with an emission limitation or reduction commitment inscribed in Annex B [which are participating in the mechanisms] **shall retire ERUs, CERs and [AAUs] [PAAs] into a dedicated retirement account for the purpose of demonstrating compliance with their commitments under Article 3, paragraph 1. Such units cannot be further transferred or acquired. [Each national registry of a Party included in Annex I shall include such a retirement account for each commitment period]** [Such retirement accounts shall be established and maintained for each commitment period [by the secretariat in a retirement registry] [in the system registry]].

19. **[Any account holder may transfer ERUs, CERs and [AAUs] [PAAs] to a dedicated cancellation account. Such units cannot be further transferred and may not be used by a Party for the purpose of meeting its commitments under Article 3. [Each national registry of a Party included in Annex I shall include such a cancellation account for each commitment period]** [Such a cancellation account shall be established and maintained for each commitment period in the system registry].]

20. **Each national registry shall record the information specified in section D of the appendix for all projects under Article 6 [and 12] to which it is host.**

21. **Each registry[, including the system registry,] shall provide a user-friendly, publicly accessible user interface that allows interested persons to query and view non-confidential information contained in the registry. A registry shall allow interested persons to retrieve** [reports] [information] including, but not limited to, ***inter alia***, **the following** ***information***:

(a) **Account information, by account number;**

(b) A list of **assigned amount [issued]** [transferred] [issued and transferred] **into the registry as [AAUs] [PAAs], by serial number;**

(c) A list of ***Initial transfers of*** **ERUs** transferred **into the registry as a result of projects under Article 6, by serial number;**

(d) A list of **CERs [issued]** [transferred] [[issued or] transferred] **into the registry as a result of projects under Article 12, by serial number;**

(e) A list of ***Initial transfers of*** **ERUs** transferred [***and*** or **CERs issued**] from ***as a result of*** **projects hosted by the Party,** ***by serial number***;

*(e)bis A list of **[ERUs, CERs and] PAAs transferred or acquired by the Party, by serial number;***

(f) The current account balance and **holdings of ERUs, CERs and [AAUs] [PAAs]** of ***in*** **each account in the registry, by serial number;**

(g) The quantities of non-retired ERUs, CERs and [AAUs] [PAAs] in a registry;

(h) A list of **ERUs, CERs and [AAUs] [PAAs] retired for compliance purposes for each commitment period, by serial number;**

(i) [A list of any changes, and reasons for the changes, to holdings of ERUs, CERs and [AAUs] [PAAs];]

(j) [The prices at which [AAUs] [PAAs] have been traded.]

22. The expert review under Article 8 shall review the integrity of national registries. The integrity of national registries shall be provided for through specific provisions controlling the implementation of relevant provisions in this appendix.

23. [**The system registry shall fulfil the following functions:**

(a) **Establish and maintain** [**registries**] [[databases] **to** [**ensure the accurate accounting of CERs on behalf of Parties not included in Annex I** wishing to participate ***participating*** **in the CDM**] [record the issuance of CERs];

(b) Maintain retirement accounts for each Party included in Annex I for each commitment period;

(c) Maintain a cancellation account for each commitment period;

(d) Maintain the commitment period reserve for each Party included in Annex B;

(e) **Assign serial numbers to CERs at the request of the executive board;**

(f) Assign transaction numbers, automatically, at the time a transaction is initiated;

(g) **Provide up-to-date information on total holdings of ERUs, CERs and [AAUs] [PAAs] in** all **national registries;**

(h) **Maintain downloadable information for Article 6** or ***and*** **CDM projects**, identified in section D of the appendix **including**, as applicable, **project design documents, validation reports, notification of registration, monitoring reports, verification reports, notification of certification and notification of issuance of ERUs and CERs;**

(i) **Monitor the integrity of the overall registry system, including national registries, and ensure that relevant information is available to the public.**]

Appendix (to the annex to decision D/CP.6 on registries)

PUBLICLY ACCESSIBLE INFORMATION TO BE CONTAINED IN A PARTY'S NATIONAL REGISTRY

A. Account information

1. **Account numbers shall be constructed of the following elements:**

(a) **Party identifier. This shall identify the Party in whose registry the account is maintained and shall use the two-letter code defined and maintained by the International Organization for Standardization (ISO) (ISO 3166);**

(b) [Account type. This shall identify the type of account as follows:

(i) 'PTY' indicates an account held by a Party;

(ii) 'ENT' indicates an account held by a legal entity;

(iii) 'CAN' indicates a cancellation account;

(iv) 'Rxx' indicates a retirement account, where 'xx' indicates the compliance period for which units held in the account shall be used;]

(Note: Some Parties propose that information relating to the account type should not be included in the account number (see paragraph 23 (b) and (c) below).)

(c) **A unique number. This shall identify the specific account, using a number unique to that account within the registry;**

2. **Account information assigned to each account shall include:**

(a) **Account name. This shall identify the holder of the account;**

(b) **[Account type. This shall identify the type of account** as follows ***(Party, legal entity, cancellation or retirement). [Note: Some liability provisions may require dedicated reserve accounts.]***

(i) 'R' indicates a retirement account;

(ii) ['C' indicates a cancellation account;]

(iii) 'O' indicates an account other than a retirement [or cancellation] account.]

(c) **Account commitment period. Each retirement account shall identify the commitment period for which it is associated. For other accounts, this may be left blank;**

(d) Representative name. This shall identify the person representing the holder of the account and shall include the full name of the representative;

(e) **Representative identifier. This shall assign a number to the representative of the account holder, using** the two-letter ISO country code (ISO 3166) and **a number unique to that representative within that registry;**

(f) **Representative *name and* contact information. This shall identify the *full name of the representative associated with the representative identifier, as well as the* mailing address, telephone number, facsimile number and[/or] email address of the representative** of the account.

B. Serial number information

3. **The serial number [for each unit] [for each block of units] shall be constructed of the following elements:**

(a) **Country of origin. In the case of [AAUs] [PAAs] and ERUs, this shall identify the Party which issued the assigned amount associated with the units into its registry. In the case of CERs, this shall identify the host Party to the project. The country of origin shall be identified using the two-letter ISO code (ISO 3166);**

(b) **Commitment period. This shall identify the commitment period for which the [unit] [block of units] is issued;**

(c) **Type. This shall identify the unit as an ERU, CER or [AAU] [PAA];**

(d) **Option 1: A unique number. This shall identify the specific unit, using a number unique to that ERU, CER or [AAU] [PAA] for that commitment period and that country of origin. [Serial numbers shall be stored in blocks by starting and ending numbers];**

Option 2: Unique starting and ending numbers. These shall identify the first and last numbers in a block of ERUs, CERs or [AAUs] [PAAs], using numbers that are unique to those ERUs, CERs or [AAUs] [PAAs] contained in the block and for that commitment period and that country of origin. For a single ERU, CER or [AAU] [PAA], the starting and ending number shall be the same;

(e) **Project identifier. Where applicable, this shall identify the project for which ERUs were initially transferred or CERs were initially issued, using a number unique to that Article 6 project or CDM project for that country of origin. [Each year of transfer or issuance from a project shall be allocated a different project identifier.]**

C. Transaction information

4. The transaction number for each transaction shall be constructed of the following elements and recorded in the registry:

(a) [Commitment period. This shall identify the commitment period in which the transaction occurred;]

(b) [Transaction type. This shall identify the type of transaction as follows:

(i) 'IA' indicates the issuance of assigned amount into a registry;

(ii) ['IS' indicates the issuance of assigned amount into a registry based on activities under Article 3, paragraphs 3 and 4;]

(iii) 'JI' indicates the initial transfer of ERUs pursuant to Article 6;

(iv) 'IC' indicates the issuance of CERs pursuant to Article 12;

(v) 'TR' indicates the transfer of units between accounts and/or registries;

(vi) 'RT' indicates a transfer into the retirement account;

(vii) ['CA' indicates a transfer into the cancellation account;]]

(Note: Some Parties propose that information relating to the transaction type should not be included in the account number (see paragraph 26 (c) below).)

(c) Country of origin. This shall identify the registry initiating the transaction. The country of origin shall be identified using the two-letter ISO code (ISO 3166);

(d) Option 1: A unique number. This shall identify the specific transaction, using a number unique to that transaction for that commitment period and that transferring Party. This unique number shall be assigned by the transferring Party;

Option 2: A unique number. This shall identify the specific transaction, using a number unique to that transaction for that commitment period. This unique number shall be assigned sequentially by a dedicated database.

5. **Transaction information *to be recorded in the transaction log*, for each transaction number, shall include:**

(a) **Starting and ending serial numbers. This shall identify the serial numbers involved in the transaction/, including starting and ending serial numbers for each block in the transaction. For a single ERU, CER or [AAU] [PAA], the starting and ending number shall be the same/;**

(Note: Multiple transactions and transaction numbers may be required where non-sequential serial numbers are involved.)

(b) **[Transaction type. This shall identify the type of transaction as follows:**

(i) **'IA' indicates the issuance of assigned amount into a registry;**

(ii) **['IS' indicates the issuance of assigned amount into a registry based on activities under Article 3, paragraphs 3 and 4;]**

(iii) **'JI' indicates the initial transfer of ERUs pursuant to Article 6;**

(iv) **'IC' indicates the issuance of CERs pursuant to Article 12;**

(v) **'TR' indicates the transfer of units between accounts and/or registries;**

(vi) **'RT' indicates a transfer into the retirement account;**

(vii) **['CA' indicates a transfer into the cancellation account;]]**

{Note: Some liability provisions may require transfers into dedicated reserve accounts.}

(c) **Transferring account number and acquiring account number. This shall identify the accounts transferring and acquiring the units;**

(d) **Transaction date and time. This shall identify the date and time at which the units are transferred [and acquired];**

(e) Transaction status. This shall identify the transaction status as follows:

(i) 'P' indicates that the transaction is pending;

(ii) 'A' indicates that the receiving account has accepted the transaction;

(f) [Transaction prices. This shall identify the prices at which units are traded.]

D. Project information

6. **Project information for each project under Articles 6 and 12 to which a Party is host, identified by the project identifier, shall include:**

(a) **Project name. This shall identify the project by a unique name;**

(b) **Project location. This shall identify the country and town or region of the project;**

(c) **Year or *initial* transfer/issuance. This shall identify the year in which the ERUs are initially transferred or in which the CERs are issued as a result of the project.** [Each year of transfer or issuance from a project shall be allocated a different project identifier];

(d) Report link. This shall identify the uniform resource locator (URL) in the Internet where reports on the project activity can be downloaded[, including, as applicable, project design documents, validation reports, notification of registration, monitoring reports, verification reports, notification of certification and notification of issuance of ERUs and CERs];

(e) **Registration year. This shall identify the year in which the project was registered** [with the executive board];

(f) **[Validation] independent/ *or* operational entity. This shall identify the independent or operational [entity] [*or* entities] involved in [the validation of] the project;**

(g) **[Verification independent/ *or* operational entity. This shall identify the independent or operational entity [or entities] involved in the verification of the *emission reductions*** project;]

(h) **[Certification independent/ *or* operational entity. This shall identify the independent or operational entity [or entities] involved in the certification of the *emission reductions*** project.]

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